

Filed for intro on 01/11/2000
SENATE BILL 2001 By
McNally

HOUSE BILL 2004
By Kisber

AN ACT to amend Tennessee Code Annotated, Title 67, relative to exemption from taxation of the construction, operation and repair of the Spallation Neutron Source Project.

WHEREAS, the Spallation Neutron Source, at a cost of \$1.3 billion, is the largest and most important research project in Tennessee since the Manhattan Project in the Second World War; and

WHEREAS, funded by the U.S. Congress and located at the Oak Ridge National Laboratory, the Spallation Neutron Source will support the research needs of American industry well into the twenty-first century; and

WHEREAS, the Spallation Neutron Source will be the foremost research laboratory of its kind in the world, attracting some 2,000 scientists and engineers annually from universities, private industry and government laboratories; and

WHEREAS, the University of Tennessee Center for Business and Economic Research estimates that construction and operation of the Spallation Neutron Source will generate employment for some 4,000 persons, with an annual economic impact of \$70 million during construction and \$47 million during operation; and

WHEREAS, the Spallation Neutron Source will provide enormous benefits to Tennessee's economy in the form of increased competitiveness for existing industry and the location in Tennessee of new companies wishing to take advantage of research conducted at the facility; and

WHEREAS, the focus of research at the Spallation Neutron Source will be the development of new materials to make a multitude of industrial products stronger, cheaper and more efficient; and

WHEREAS, the Spallation Neutron Source will place Tennessee among the world's research leaders for the automotive industry, the chemical industry, information technology and medical technology; and

WHEREAS, in the Fiscal Year 2000 Budget, the Congress expressed its intent that construction of the Spallation Neutron Source in Tennessee not cost more than construction of the facility in any of the other forty-nine states; and

WHEREAS, in order to comply with the intent of Congress and make available \$117 million in federal funds appropriated for the Spallation Neutron Source project in Fiscal Year 2000, the state of Tennessee must remove the current sales and use tax provisions that apply to the construction and operation of the Spallation Neutron Source so that taxes and fees do not exceed the aggregate of the taxes and fees for which the federal government would be liable if the project were located in any other state that contains a national laboratory; now, therefore, BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 6, Part 3, is amended by adding the following new section:

Section ____ (a) Notwithstanding any provision of law to the contrary, with respect to a spallation neutron source facility which is funded by the United States government or instrumentality thereof, not funded with any state funds and located at a national laboratory, there shall be exempt from the tax levied by this chapter:

(1) any property that becomes a component part of or is used exclusively in the operation or repair of the facility;

(2) any services, materials or items furnished or supplied to the facility and used exclusively in the operation of the facility; and

(3) any property, services, building materials, machinery, equipment, supplies, repair parts, replacement materials or other items used exclusively in the construction, operation or repair of the facility or its operations.

(b) The exemptions provided in this section shall apply regardless of whether the exempted property or service is leased or purchased.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.